



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

**ENERGY**

IN THE MATTER OF THE PROVISION OF BASIC	)	DECISION AND ORDER
GENERATION SERVICE FOR THE PERIOD	)	
BEGINNING JUNE 1, 2009	)	
JCP&L TIERED RATE STRUCTURE	)	DOCKET NO. ER08050310

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On July 1, 2008, Jersey Central Power and Light ("JCP&L" or "Company") in its Company Specific Addendum, a part of its 2009 Basic Generation Service ("BGS") filing, proposed a tiered rate structure for the BGS charges on certain residential and commercial customers' bills. The Company maintained that the proposed tariffs would provide an incentive for those customers to lower their demand for electricity during the summer. The Company indicated that this proposed changes would result in a higher BGS price for electricity from June 1, 2009 through September 2009 (summer months) for certain customers to encourage conservation during the summer. These customers would see a rate reduction by lower BGS prices during the remaining months. The tariff(s) would be effective June 1, 2009.

The customers who would be affected fell into the following groups: Residential Service ("RS") customers with a usage over 2,500 kWh during any summer month, residential Time-of-Day customers (RT) for all on-peak usage over 1,000 kWh in any summer month, all General Service (GS) customers without a demand meter who have a peak demand up to 10 KW, and GS customers with a demand meter whose peak usage exceeds 10 KW.

As stated above, this tariff proposal was submitted by JCP&L within the 2009 BGS proceeding where there was an opportunity for public comment. However, no comments on the tiered rate structure were received other than those of the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"). Rate Counsel was concerned that there did not seem to be any provisions to exempt certain high use customers from the effects of the proposed tariff change, even if, for example, the relatively high use was due to something such as a need for energy-intensive medical equipment on-site. To address Rate Counsel's concerns, JCP&L proposed that for customers who qualify for JCP&L's Life Support Program, the summer peak threshold could be increased to 3,500 kWh per month for RS customers and to 1400 kWh per month for RT customers.

By Order dated January 20, 2009, the Board approved the JCP&L tiered rate structure as a pilot project, subject to increased usage levels for customers who qualify for the Life Support Program with the summer peak threshold increased to 3,500 kWh per month for RS customers and to 1400 kWh per month for RT customers. In addition, the Order directed JCP&L to provide the Board with a report no later than September 30, 2009, describing how customers reacted to the tiered rate tariffs, including how many customers curtailed usage, and how much electricity usage was curtailed during implementation of the tariffs. The Board was concerned with customer education regarding this program, specifically, ensuring that all customers who would be affected knew the impact this program would have on their electric bills, and what measures they could take to reduce consumption during the relevant time. As such, the Board directed JCP&L to provide Board staff and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") with its customer education strategy by the end of March 2009. This was done to allow JCP&L enough time to develop a customer education strategy, consult with staff and Rate Counsel, and allow enough time to provide the information to customers.

In the spring, JCP&L began notifying the affected customers of the rate changes. Included in the notice were program descriptions, tips on saving energy in the home, as well as summer home cooling tips.

JCP&L's service territory includes northwest New Jersey and the New Jersey Shore area, two regions that are at the center of both the State's summer tourism industry and agriculture industry. Representatives of both industries have recently raised concerns that the JCP&L program may have an adverse economic impact on their constituents because of the nature of their operations and the current state of the economy. In addition, other affected customer groups have raised similar concerns regarding the JCP&L tariff.

In consideration of the fact that the JCP&L tiered rate structure has resulted in unforeseen consequences for the agricultural industry as well as for seasonal businesses in its service territory during challenging economic conditions, the Board DIRECTS JCP&L's to suspend the tiered rate structure pilot program for the 12-month period beginning June 1, 2009. Also, the Board DIRECTS JCP&L to file substitute tariffs within 1 day of the Board's decision at its June 8, 2009 Agenda meeting, reflecting BGS prices calculated without the surcharge embedded in the tiered rate structure<sup>1</sup>.

Further, because some customers may have already been billed according to the tiered rate structure on meter readings that were taken between the June 1, 2009 effective date of the

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<sup>1</sup> JCP&L has already complied with the Board's oral direction. A secretary's letter was issued on June 10, 2009, finding that the filed tariffs conformed to the Board's directions, and authorizing the Company to implement the substitute tariffs.

tariffs, the date the Board suspended the program, and the date the revised tariffs go into effect, the Board DIRECTS JCP&L to recalculate the bills of affected customers according to the revised tariffs with any resulting adjustments reported on customers' bills as soon as possible. As part of the suspension of this program, the Board will not require JCP&L to fulfill its obligation to provide the two megawatts of peak demand reduction that this program was designed to produce as part of its demand response filing as determined in the July 1, 2008 Order in Docket No. EO08050326.

Finally, the Board continues to support the use of some form of a tiered rate structure as part of the efforts to encourage demand response and energy efficiency under the State's Energy Master Plan. Therefore the Board DIRECTS JCP&L to file by July 15, 2009 a revised tiered rate structure proposal for potential implementation by June 1, 2010. As part of this separate proceeding, the Board will be inviting input from affected stakeholder groups.

DATED: 6/25/09

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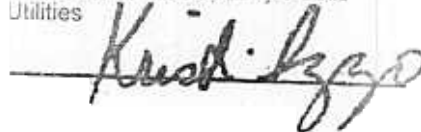


ELIZABETH RANDALL  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



Board of Public Utilities  
I/M/O the Provision of Basic Generation Service for the  
Period Beginning June 1, 2009  
Docket No. ER08050310  
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